99TH CONGRESS
1st Session

SENATE

REPORT
99-96

NEW GI BILL AMENDMENTS OF 1985

REPORT

OF THE

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

TO ACCOMPANY

H.R. 752

JUNE 27 (legislative day, JUNE 26), 1985.—Ordered to be printed

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Mr. MURKOWSKI, from the Committee on Veterans' Affairs, submitted the following

REPORT

[To accompany H.R. 752]

The Committee on Veterans' Affairs, to which was referred the bill (H.R. 752) to amend title 38, United States Code, to ensure an orderly transition to the new active-duty and Guard and Reserve GI Bill eduational assistance programs provided in the Veterans' Educational Assistance Act of 1984, having considered the same, reports favorably thereon with an amendment in the nature of a committee substitute, and recommends that the bill, as amended, do pass.

COMMITTEE AMENDMENTS

The amendments are as follows:

Strike out all after the enacting clause as follows:

[SECTION 1. SHORT TITLE.

[This Act may be cited as the "New GI Bill Amendments of 1985".

[SEC. 2. ELIGIBILITY FOR NEW ACTIVE-DUTY GI BILL.

[(a) ACTIVE-DUTY PROGRAM.—Section 1411(a)(1)(A) of title 38, United States Code, is amended—

[(1) in the matter preceding clause (i)—

[(A) by striking out "July 1, 1985," and inserting in lieu thereof "the date of the enactment of the New GI Bill Amendments of 1985"; and

[(B) by striking out "first" both places it appears; and

[(2) in clauses (i) and (ii), by inserting "after such date of enactment" after "who" the first place it appears in each clause.

[(b) ACTIVE-AND-RESERVE PROGRAM.—Section 1412(a)(1)(A) of such title is amended—

[(1) in the matter preceding clause (i)—

[(A) by striking out "July 1, 1985," and inserting in lieu thereof "the date of the enactment of the New GI Bill Amendments of 1985"; and

[(B) by striking out "first" both places it appears; and

[(2) in clause (i), by inserting ", after such date of enactment," after "serves".

[(c) CONFORMING AMENDMENTS.—

[(1)(A) Section 1411(c)(1) of such title is amended by striking out "initially enters" in the second sentence and inserting in lieu thereof "enters, after the date of the enactment of the New GI Bill Amendments of 1985,".

[(B) Section 1412(d)(1) of such title is amended by striking out "initially enters" in the second sentence and inserting in lieu thereof "enters, after the date of the enactment of the New GI Bill Amendments of 1985,".

[(2) Section 1413 of such title is amended—

[(A) in subsection (a)(2), by inserting "after the date of the beginning of the period for which the individual's basic pay is reduced under section 1411(b) of this title, in the case of an individual described in section 1411(a)(1)(A)(ii)(I) of this title, or after June 30, 1985, in the case of an individual described in section 1411(a)(1)(B)(ii)(I) of this title" before the period at the end; and

[(B) in subsection (b)—

[(i) by inserting "after the date of the beginning of the period for which such individual's basic pay is reduced under section 1412(c) of this title, in the case of an individual described in section 1412(a)(1)(A), or after June 30, 1985, in the case of an individual described in section 1412(a)(1)(B) of this title" in clause (1) after "individual"; and

[(ii) by inserting "after such date" in clause (2) before the period at the end.

[(4) The text of section 1416 of such title is amended to read as follows:

["(a) A member of the Armed Forces who—

["(1) becomes a member or enters on active duty as a member of the Armed Forces after the date of the enactment of the New GI Bill Amendments of 1985;

["(2) completes at least two years of service on active duty after the date of the beginning of the period for which such member's basic pay is reduced under section 1411(b) or 1412(c) of this title;

["(3) after such service, continues on active duty or in the Selected Reserve without a break in service (except as described in section 1412(b)(2) of this title); and

["(4) but for section 1411(a)(1)(A)(i)(I) or 1412(a)(1)(A)(ii) of this title would be eligible for basic educational assistance,

may receive educational assistance under this chapter for enrollment in an approved program of education while continuing to perform the duty described in section 1411(a)(1)(A)(i)(I) or 1412(a)(1)(A)(ii) of this title.

["(b) A member of the Armed Forces who—

["(1) as of December 31, 1989, is eligible for educational assistance benefits under chapter 34 of this title;

["(2) after June 30, 1985, has continued on active duty or in the Selected Reserve without a break in service (except as described in section 1412(b)(2) of this title); and

["(3) but for section 1412(a)(1)(B)(ii) of this title would be eligible for basic educational assistance,

may receive educational assistance under this chapter for enrollment in an approved program of education while continuing to perform the duty described in section 1412(a)(1)(B)(ii) of this title.".

[(5) Section 704 of the Veterans' Educational Assistance Act of 1984 is amended—

[(A) by inserting "(a)" after "SEC. 704."; and

[(B) by adding at the end thereof the following new subsection:

["(b) No individual who becomes a member of the Armed Forces or enters on active duty as a member of the Armed Forces on or after the date of the enactment of the New GI Bill Amendments of 1985 may enroll in the educational assistance program described in subsection (a) before July 1, 1988.".

[SEC. 3. ELIGIBILITY FOR NEW GUARD AND RESERVE GI BILL.

[(a) IN GENERAL.—Sections 2132 and 2138 of title 10, United States Code, are amended by striking out "July 1, 1985," and inserting in lieu thereof "the date of the enactment of the New GI Bill Amendments of 1985".

[(b) CONFORMING AMENDMENT.—Section 705(b) of the Veterans' Educational Assistance Act of 1984 is amended by striking out "July 1, 1985," and inserting in lieu thereof "the date of the enactment of the New GI Bill Amendments of 1985".

[(c) TECHNICAL AMENDMENT.—Section 2131(c) of title 10, United States Code, is amended by inserting "(or the equivalent thereof in part-time educational assistance)" before the period at the end of paragraph (2).]

and insert in lieu thereof the following:

That this Act may be cited as the "New GI Bill Amendments of 1985".

ELIGIBILITY FOR THE ALL-VOLUNTEER FORCE GI BILL

SEC. 2. (a) Section 1411 of title 38, United States Code, is amended—

(1) in the matter preceding clause (i) of subsection (a)(1)(A), by striking out "July 1, 1985," and inserting in lieu thereof "the date of the enactment of the New GI Bill Amendments of 1985";

(2) in clauses (i) and (ii) of subsection (a)(1)(A), by inserting "after such date of enactment" after "who" the first place it appears in each clause; and

(3) by adding at the end the following new subsection:

"(d)(1) Under regulations prescribed by the Secretary, except as provided in subsection (c)(2) of this section, each individual—

"(A) who, not earlier than 90 days after the date of discharge or release from active duty as a member of the Armed Forces, reenters on active duty as a member of the Armed Forces during the period beginning on the date of the enactment of the New GI Bill Amendments of 1985 and ending on June 30, 1988, and—

"(i) who after such date of enactment (I) serves at least 3 years of continuous active duty in the Armed Forces, or (II) in the case of an individual whose obligated period of active duty is less than 3 years, serves at least 2 years of continuous active duty in the Armed Forces; or

"(ii) who after such date of enactment serves in the Armed Forces and is discharged or released from active duty (I) for a service-connected disability or for hardship, or (II) for the convenience of the Government, in the case of an individual who, upon reentry, completes not less than 20 months of an obligated period of active duty of less than 3 years, or in the case of an individual who, upon reentry, completes not less than 30 months of an obligated period of active duty of at least 3 years;

"(B) who, not later than the time the individual so reenters on active duty, is extended and does not decline an offer made by the Secretary to such individual of the opportunity to obtain entitlement to basic educational assistance under this chapter;

"(C) who, before completion of the service described in clause (A) of this paragraph, has received a secondary school diploma (or an equivalency certificate); and

"(D) who, after completion of the service described in clause (A) of this paragraph—

"(i) is discharged from service with an honorable discharge, is placed on the retired list, is transferred to the Fleet Reserve or Fleet Marine Corps Reserve, or is placed on the temporary disability retired list;

"(ii) continues on active duty; or

"(iii) is released from active duty for further service in a reserve component of the Armed Forces after service on active duty characterized by the Secretary concerned as honorable service,

is entitled to basic educational assistance under this chapter.

"(2) The Secretary shall include in the regulations prescribed under paragraph (1) of this subsection provisions establishing procedures under which an individual may decline an offer extended under such regulations and requiring that the basic pay of an individual who does not decline such an offer be reduced by $100 for each of the first 12 months that such individual is entitled to such pay upon reentering on active duty in the Armed Forces. Amounts withheld from basic pay under this paragraph shall revert to the Treasury.".

(b) Section 1412 of such title is amended—

(1) in the matter preceding clause (i) of subsection (a)(1)(A), by striking out "July 1, 1985," and inserting in lieu thereof "the date of the enactment of the New GI Bill Amendments of 1985";

(2) in clause (i) of subsection (a)(1)(A), by inserting a comma and "after such date of enactment," after "serves"; and

(3) by adding at the end the following new subsection:

"(e)(1) Under regulations prescribed by the Secretary, except as provided in subsection (d)(2) of this section, each individual—

"(A) who, not earlier than 90 days after the date of discharge or release from active duty as a member of the Armed Forces, reenters on active duty as a member of the Armed Forces during the period beginning on the date of the enactment of the New GI Bill Amendments of 1985 and ending on June 30, 1988, and—

"(i) serves, after such date of enactment, at least 2 years of continuous active duty in the Armed Forces characterized by the Secretary concerned as honorable service; and

"(ii) subject to subsection (b) of this section and after completion of the service on active duty described in subclause (i) of this clause, serves at least 4 years of continuous duty in the Selected Reserve during which the individual participates satisfactorily in training as required by the Secretary concerned;

"(B) who, not later than the time the individual so reenters on active duty, is extended and does not decline an offer made by the Secretary to such individual of the opportunity to obtain entitlement to basic educational assistance under this chapter;

"(C) who, before completion of the service described in clause (A) of this paragraph, has received a secondary school diploma (or an equivalency certificate); and

"(D) who, after completion of the service described in clause (A) of this paragraph—

"(i) is discharged from service with an honorable discharge, is placed on the retired list, or is transferred to the Standby Reserve or an element of the Ready Reserve other than the Selected Reserve after service in the Selected Reserve characterized by the Secretary concerned as honorable service; or

"(ii) continues on active duty or in the Selected Reserve,

is entitled to basic educational assistance under this chapter.

"(2) The Secretary shall include in the regulations prescribed under paragraph (1) of this subsection provisions establishing procedures under which an individual may decline an offer extended under such regulations and requiring that the basic pay of an individual who does not decline such an offer be reduced by $100 for each of the first 12 months that such individual is entitled to such pay upon reentering on active duty in the Armed Forces. Amounts withheld from basic pay under this paragraph shall revert to the Treasury.".

(c)(1) Section 1411(c)(1) of such title is amended by striking out "initially" in the second sentence and inserting in lieu thereof "first".

(2) Section 1412 of such title is amended—

(A) in the matter preceding clause (1) of subsection (a), by striking out "(c)" and inserting in lieu thereof "(d)";

(B) in subsection (b)(1)—

(i) by inserting "the provisions of" after "under"; and

(ii) by inserting "and paragraph (1)(A)(ii) of subsection (e) of this section" after "this section ";

(C) in the matter before clause (A) of subsection (b)(2), by striking out "such clauses" and inserting in lieu thereof "the provisions referred to in paragraph (1) of this subsection"; and

(D) in subsection (d)(1), by striking out "initially" in the second sentence and inserting in lieu thereof "first".

(3) Section 1413 of such title is amended—

(A) in subsection (a)(2)—

(i) by striking out "title or" and inserting in lieu thereof "title,";

(ii) by inserting "or an individual described in section 1411(d)(1)(A)(ii)(I) of this title who is not also described in section 1411(d)(1)(A)(i) of this title," after "section 1411(a)(1)(B)(i) of this title,"; and

(iii) by inserting before the period at the end "after the date of the beginning of the period for which the individual's basic pay is required to be reduced under section 1411(b) of this title (in the case of an individual described in section 1411(a)(1)(A)(ii)(I) of this title) or under section 1411(d)(2) of this title (in the case of an individual described in section 1411(d)(1)(A)(ii)(I) of this title, or after June 30, 1985 (in the case of an individual described in section 1411(a)(1)(B)(ii)(I) of this title)"; and

(B) in subsection (b)—

(i) by inserting after "individual" in clause (1) "after the date of the beginning of the period for which such individual's basic pay is required to be reduced under section 1412(c) of this title (in the case of an individual described in section 1412(a)(1)(A) of this title) or under section 1412(e)(2) of this title (in the case of an individual described in section 1412(e)(1)(A) of this title), or after June 30, 1985 (in the case of an individual described in section 1412(a)(1)(B) of this title)"; and

(ii) by inserting "after such date" in clause (2) before the period at the end.

(4) Section 1415(b) of such title is amended in the matter before clause (1) by striking out all beginning with "and" through "years" and inserting in lieu thereof "solely by reason of service pursuant to an obligation to serve a 2-year period of active duty".

(5) The text of section 1416 of such title is amended to read as follows:

"(a) A member of the Armed Forces who—

"(1) becomes a member or enters or reenters on active duty as a member of the Armed Forces after the date of the enactment of the New GI Bill Amendments of 1985;

"(2) completes at least 2 years of service on active duty after the date of the beginning of the period for which such member's basic pay is required to be reduced under section 1411(b), 1411(d)(2), 1412(c), or 1412(e)(2) of this title;

"(3) after such service, continues on active duty or in the Selected Reserve without a break in service (except as described in section 1412(b)(2) of this title); and

"(4) but for section 1411(a)(1)(A)(i)(I), 1411(d)(1)(A)(i)(I), 1412(a)(1)(A)(ii), or 1412(e)(1)(A)(ii) of this title would be eligible for basic educational assistance,

may receive educational assistance under this chapter for enrollment in an approved program of education while continuing to perform the duty described in section 1411(a)(1)(A)(i)(I), 1411(d)(1)(A)(i)(I), 1412(a)(1)(A)(ii), or 1412(e)(1)(A)(ii) of this title.

"(b) A member of the Armed Forces who—

"(1) as of December 31, 1989, is eligible for educational assistance benefits under chapter 34 of this title;

"(2) during the period beginning January 1, 1976, and ending June 30, 1985, has continued to serve on active duty without a break in service;

"(3) after June 30, 1985, has continued on active duty or in the Selected Reserve without a break in service (except as described in section 1412(b)(2) of this title); and

"(4) but for section 1412(a)(1)(B)(ii) of this title would be eligible for basic educational assistance,

may receive educational assistance under this chapter for enrollment in an approved program of education while continuing to perform the duty described in section 1412(a)(1)(B)(ii) of this title.".

(6)(A) Section 1421(a)(1) of such title is amended by inserting "or 1411(d)(1)(A)" after "1411(a)(1)".

(B) Section 1421(b)(1) of such title is amended—

(i) by inserting "or 1412(e)(1)(A)" after "1412(a)(1)"; and

(ii) by inserting "1412(a)(1) or 1412(e)(1)(A)" after "such section".

(7) Section 1431(b) of such title is amended by striking out "1411(a)(3) or 1412(a)(3)" and inserting in lieu thereof "1411(a)(3), 1411(d)(1)(D), 1412(a)(3), or 1412(e)(1)(D)".

(8) Section 704 of the Veterans' Educational Assistance Act of 1984 is amended to read as follows:

"SEC. 704. (a) No individual on active duty in the Armed Forces may initially enroll in the educational assistance program provided for in chapter 32 of title 38, United States Code, during the period beginning on January 1, 1986, and ending on June 30, 1988.

"(b)(1) Except as provided in paragraph (2) of this subsection, no individual who becomes a member of the Armed Forces or enters on active duty as a member of the Armed Forces on or after the date of the enactment of the New GI Bill Amendments of 1985 may enroll in the educational assistance program described in subsection (a) before July 1, 1988.

"(2) Paragraph (1) of this subsection shall not apply to an individual who, after a break in service on active duty as a member of the Armed Forces not exceeding 89 days, reenters on active duty as a member of the Armed Forces on or after the date of the enactment of the New GI Bill Amendments of 1985.".

ELIGIBILITY FOR NEW GUARD AND RESERVE GI BILL

SEC. 3. (a) Sections 2132 and 2138 of title 10, United States Code, are amended by striking out "July 1, 1985," and inserting in lieu thereof "the date of the enactment of the New GI Bill Amendments of 1985".

(b) Section 705(b) of the Veterans' Educational Assistance Act of 1984 is amended by striking out "July 1, 1985," and inserting in lieu thereof "the date of the enactment of the New GI Bill Amendments of 1985".

(c) Section 2131(c) of title 10, United States Code, is amended by inserting "(or the equivalent thereof in part-time educational assistance)" before the period at the end of paragraph (2).

Introduction

On March 25, 1985, the House of Representatives considered and passed H.R. 752, the proposed "New GI Bill Amendments of 1985", a bill to amend title 38, United States Code, to ensure an orderly transition to the new educational assistance program established by chapter 30 of that title. On March 28, the measure as passed by the House was received in the Senate and referred to the Committee on Veterans' Affairs.

On April 18, 1985, the Committee met in open session to consider H.R. 752 and voted unanimously to order the measure reported with an amendment in the nature of a substitute.

Summary of Provisions

H.R. 752 as reported (hereinafter referred to as the "Committee bill") would amend provisions of titles 10 and 38 of the United States Code and uncodified provisions of law (in title VII of Public Law 98–525) relating to the new programs of educational assistance established by Public Law 98–525.

The provisions of the Committee bill would:

1. Establish the date of the enactment of the Committee bill instead of July 1, 1985, as the beginning date of the new programs established by chapter 30 of title 38, the All-Volunteer Force Educational Assistance Program, popularly known as the "New GI Bill", and by chapter 106 of title 10, Educational Assistance for Members of the Selected Reserve. Thus, in order to begin earning entitlement to assistance under one of those chapters, the individual could first become a member of the Armed Forces or enter on active duty or could enlist, reenlist, or extend enlistment for 6 years in the Selected Reserve during the period beginning on the enactment and ending June 30, 1985, as well as during the period provided for under current law—July 1, 1985, through June 30, 1988.

2. Provide that the Secretary of Defense may, in order to enhance the recruitment of former service personnel, extend an opportunity to earn entitlement to benefits under the new chapter 30 program to individuals who have previously served on active duty, have left the service for a period of 90 days or more, and reenter the service following the date of enactment of the Committee bill.

3. Extend by 6 months—from July 1, 1985, until January 1, 1986—the date by which individuals who entered the service prior to the beginning date of the new chapter 30 program must initiate participation in the current program of educational assistance (popularly known as "VEAP") established under chapter 32 of title 38.

DISCUSSION

The Veterans' Educational Assistance Act of 1984, enacted in title VII of Public Law 98-525, established a new educational assistance program under chapter 30 of title 38, United States Code, popularly known as "The New GI Bill". Under current law, this program will be available to individuals who first enter the Armed Forces between July 1, 1985, and June 30, 1988.

EFFECTIVE DATE OF THE "NEW GI BILL"

The Committee is aware that the July 1, 1985, effective date could encourage a potential recruit to delay entry on active duty or into the Selected Reserve in order to qualify for the benefits of the New GI Bill. Since this could create an undesirable surge in military training programs after July 1, the Committee bill would provide for the new GI Bill to become effective upon enactment of the bill.

PRIOR-SERVICE PERSONNEL

Under current law, the New GI Bill generally will be available only to individuals who enter on active duty or become members of the Armed Forces for the first time on or after July 1, 1985. H.R. 752 as passed by the House of Representatives would make individuals who, after the date of enactment, reenlist following a break in service eligible for benefits. In contrast, the Committee bill would grant authority to the Secretary of Defense (or Transportation with respect to the Coast Guard) to offer eligibility for educational assistance to individuals reentering on active duty after a break in service.

The Committee notes that in a letter dated March 1, 1985, the Department of Defense opposed extending the new benefit to all individuals who reenlist. However, the Committee believes that veterans' education benefits can serve as an incentive for high quality young people to reenter, as well as to enter, the Armed Forces.

By making benefits available at the option of the Secretary of Defense (or Transportation), the Committee has addressed the concerns of the Department of Defense by allowing the Secretary discretion with respect to the extent, if any, that the Department would use the benefit as a selective recruiting incentive to attract individuals with prior service.

The Committee bill would make conforming changes to include, within the scope of provisions of existing law providing for the administration of the education program, individuals offered eligibility for educational assistance upon reentry on active duty.

BREAK IN SERVICE

Under the Committee bill, which, as noted, would allow benefits for certain individuals returning to active duty following a break in service, a break in service is defined as a period of at least 90 days. The report of the House of Representatives Committee on Armed Services accompanying H.R. 752 (H. Rept. No. 99-17, part 2, page 5) notes that under Department of Defense policy, 90 days is generally the period used to define a break in service. The Committee

agrees that 90 days is the appropriate standard for measuring a break in service in this context but incorporated this time period into legislative rather than report language.

DEADLINE FOR NEW ENROLLMENTS IN VEAP

The Veterans' Educational Assistance Act of 1984 prohibits individuals currently serving on active duty from beginning their participation in the existing education benefits program under chapter 32, the "Veterans' Educational Assistance Program", known as VEAP, during the period of the New GI Bill—July 1, 1985, to June 30, 1988.

Participation in VEAP requires contribution by an individual to a non-interest-bearing educational assistance fund. Since the pay of most servicemembers is higher in the later years of their enlistment, many servicemembers plan to contribute later in their enlistment or to make a lump-sum contribution before leaving active duty. Under current law, these individuals will be unable to participate until July 1, 1988, if they have not begun making contributions prior to the cut-off date.

The Committee is concerned that some servicemembers may not receive timely notice of this restriction, initially may not understand the significance of the change, or may not be able to make financial arrangements to participate by the June 30, 1985, deadline. The Committee bill would, therefore, extend for 6 months (until December 31, 1985) the deadline for servicemembers to begin participation in VEAP. This would allow an additional 6 months for the Armed Forces to ensure that all current nonparticipants actually receive and understand notice of the deadline and for servicemembers to make arrangements to participate if they so desire.

This provision of the Committee bill would result in a period during which enrollments would be possible in two different education programs. Generally, persons currently on active duty would be able to begin participation in VEAP until December 31, 1985, while persons entering on active duty on or after the date of enactment of the bill and before July 1, 1988, would be able to participate only in the New GI Bill.

As noted above, the Committee bill would require that a servicemember have had a break in service of at least 90 days in order to establish eligibility for the New GI Bill following reentry on active duty. To be consistent, the Committee adopted the same criterion for a break in service for individuals on active duty who would be eligible to begin participation in VEAP prior to January 1, 1986. Thus, an individual who, after the date of enactment of the Committee bill and prior to January 1, 1986, returns to active duty following a break in service of 89 days or less would not be eligible for the New GI Bill but would have until January 1, 1986, to enroll in VEAP.

COST ESTIMATE

In compliance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate, the Committee, based on information supplied by the Congressional Budget Office, estimates that the costs resulting from the enactment of the Committee bill during the first 5

years following enactment would be zero dollars in budget authority and savings of less than $500,000 in outlays in fiscal year 1985; $1 million in budget authority and minus $3 million in outlays in fiscal year 1986; zero dollars in budget authority minus $4 million in outlays in fiscal year 1987; minus $2 million in budget authority and minus $5 million in outlays in fiscal year 1988; less than $500,000 in budget authority and minus $1 million in outlays in fiscal year 1989; and $2 million in both budget authority and outlays for fiscal year 1990. A detailed breakdown of the costs, as estimated by CBO, over the 5-year period follows:

CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

May 8, 1985

1. BILL NUMBER: H.R. 752

2. BILL TITLE: New G. I. Bill Amendments of 1985.

3. BILL STATUS:

As ordered reported by the Senate Committee on Veterans' Affairs, April 18, 1985.

4. BILL PURPOSE:

To insure an orderly transition to the new active-duty and Guard and Reserve GI Bill educational assistance programs provided in the Veteran's Educational Assistance Act of 1984.

5. ESTIMATED COST TO THE FEDERAL GOVERNMENT:

(By fiscal year, in millions of dollars)

	1985	1986	1987	1988	1989	1990
Budget Authority	0	1	0	-2	a/	2
Outlays	b/	-3	-4	-5	-1	2

a/ Costs of less than $500,000
b/ Savings of less than $500,000

Basis for Estimate:

Currently, those enlisting in the armed forces or the reserves after July 1, 1985 and before June 30, 1988 would be eligible to join the new GI Bill educational benefit program. This bill would allow individuals to join as soon as this bill is enacted. It is currently assumed that this bill would be enacted close to July 1, 1985 and that there would be no significant budgetary impact from changing the date that the program is to begin.

The bill also would extend eligibility in the program to those individuals who re-enter on active duty in the armed forces between July 1, 1985 and June 30, 1988 and who have been separated from the service for at least 90 days. It is estimated that there are about 20,000 of these individuals enlisting in the armed forces annually. These service-members are assumed to enlist for at least four years. Of these 20,000 individuals, it is assumed that ten percent would be offered additional educational benefits for filling jobs in critical skill areas. Approximately 45 percent of those who would receive these designations and a $700 monthly training benefit when they separate are assumed to contribute $100 for twelve months. Of the remaining 90 percent--those who would receive a $300 monthly training benefit--approximately 15 percent are assumed to contribute $100 monthly for twelve months.

The following table shows the budget impacts of this bill by account. The estimates of training were derived by using historical data on participation in the current readjustment benefits program and the VEAP program. The estimates of contributions were based on expected training, given projected benefits, unemployment and inflation rates. The Veterans Administration would be responsible for funding the basic $300 benefit for all those training. The Department of Defense would fund supplemental benefits on an accrual basis. Funds for supplemental benefits would be transferred from DoD to the Educational Benefits Fund where they would accumulate interest.

(By fiscal years, in millions of dollars)

	1985	1986	1987	1988	1989	1990
FUNCTION 700						
Readjustment Benefits						
Budget Authority	0	0	0	a/	a/	1
Outlays	0	0	0	a/	a/	1
Contributions						
Budget Authority	b/	-3	-4	-5	-1	0
Outlays	b/	-3	-4	-5	-1	0
Educational Benefits Fund						
Budget Authority	a/	4	4	3	1	1
Outlays	0	0	0	a/	a/	1
Total Function 700						
Budget Authority	0	1	0	-2	a/	2
Outlays	b/	-3	-4	-5	-1	2
FUNCTION 050						
Training						
Budget Authority	a/	4	4	2	0	0
Outlays	a/	4	4	2	0	0
FUNCTION 950						
Budget Authority	b/	-4	-4	-2	0	0
Outlays	b/	-4	-4	-2	0	0

a/ Costs of less than $500,000
b/ Savings of less than $500,000

FUNCTION 700

The expenditures for training paid for by the VA fall into the readjustment benefits account. They represent expenditures for the basic $300 benefit and for the VA portion of in-service training.

Contributions by servicemembers for participation in the new GI bill program are shown as offsetting receipts in function 700. These estimates are based on a contribution rate of approximately 17 percent by those servicemembers who would be made eligible to participate by this bill.

The Educational Benefits Fund budget authority includes funds transferred from DoD to pay for supplemental benefits and interest accumulated on the funds. Outlays from this fund represent training expenditures for supplemental benefits.

FUNCTION 050

These numbers represent estimates of the funds that DoD would transfer to the educational benefits fund to pay for supplemental benefits for those individuals entering the armed forces and entitled to the additional benefits. These accrual payments would only be made during the four fiscal years in which members would be allowed to enroll in the new program. The accrual charges are based on estimates of average usage of supplemental benefits over the entire period for which eligible trainees could receive benefits.

FUNCTION 950

These represent offsetting receipts which serve to offset the outlays and budget authority transferred from function 050 to 700 so that there will be no double counting in the budget.

6. ESTIMATED COST TO STATE AND LOCAL GOVERNMENTS:

The Congressional Budget Office has determined that the budgets of state and local governments would not be directly affected by enactment of this bill.

7. ESTIMATE COMPARISON: None.

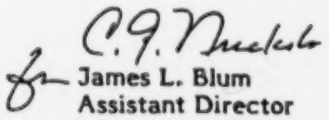
8. PREVIOUS CBO ESTIMATE:

Estimates were prepared for H.R. 752 as reported by the House Committee on Veterans' Affairs on March 5, 1985 and by the House Armed Services Committee on March 19, 1985. These estimates assumed enactment of the bill as of May 1, 1985. This estimate of H.R. 752 assumes enactment July 1, 1985. H.R. 752 as reported by the

Senate Committee on Veterans' Affairs contains a provision specifically including servicemembers re-entering the armed forces with a break in service of at least ninety days. This provision was not included in the bills reported from either committee in the House of Representatives.

9. ESTIMATE PREPARED BY: Kelly Lukins (226-2820) and Ed Shephard (226-2922).

10. ESTIMATE APPROVED BY:



James L. Blum
Assistant Director
for Budget Analysis

Regulatory Impact Statement

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee on Veterans' Affairs has made an evaluation of the Regulatory impact which would be incurred in carrying out the Committee bill. The results of that evaluation are described below.

A. *Estimates of the number of individuals in businesses who would be regulated, and a determination of the groups and classes of such individuals and businesses:* No businesses would be subject to new regulation under the Committee bill. The only individuals affected would be those former servicemembers who reenter on active duty and accept an offer of eligibility to earn educational benefits. Up to 20,000 individuals a year reenlist after a break in service and could be impacted by regulations issued as a result of the Committee bill.

B. *Determination of the economic impact of such regulations on individuals, consumers, and businesses affected:* Individuals who accept an offer of eligibility to earn educational benefits would receive $100 per month less pay for 12 months. In return they would receive substantial educational benefits when they meet the eligibility requirements for benefits.

C. *Determination of the impact on the privacy of the individuals affected:* The enactment of the Committee bill would have no significant impact on the personal privacy of any persons.

D. *Determination of the amount of additional paperwork that will result from regulations to be promulgated under the bill:* None of the provisions of the Committee bill entail regulations that would impose significant paperwork requirements on individuals or businesses.

Section-by-Section Analysis of H.R. 752 as Reported

Section 1

Would provide that this Act may be cited as the "New GI Bill Amendments of 1985".

Section 2

Subsection (a) of section 2 would amend present section 1411 of title 38, United States Code, relating to eligibility for educational assistance under chapter 30 of title 38, United States Code, based on active-duty service in the Armed Forces.

Clauses (1) and (2) of subsection (a) of section 2 would amend subsection (a)(1)(A) of section 1411 to advance, from July 1, 1985, to the date of enactment of the Committee bill, the beginning date of the programs of educational assistance established by chapter 30 of title 38. Thus, in order to begin earning entitlement to assistance under that chapter, an individual could first become a member of the Armed Forces or first enter on active duty during the period beginning on the date of enactment and ending June 30, 1985, in addition to the period provided for in current law, July 1, 1985, through June 30, 1988.

Clause (3) of subsection (a) of section 2 would add to section 1411 a new subsection (d) as follows:

New subsection (d) of section 1411: Would authorize the Secretary of Defense (with respect to military department personnel) and the Secretary of Transportation (with respect to Coast Guard personnel when the Coast Guard is not operating as a service of the Navy) (hereinafter referred to as the "Secretary of Defense (or Transportation)" to offer certain former active-duty personnel the opportunity to begin earning entitlement to chapter 30 benefits upon reentering on active-duty service; and would provide for entitlement based on meeting certain service and other requirements.

Paragraph (1) of new subsection (d) of section 1411: Would authorize the Secretary of Defense (or Transportation), under regulations prescribed by the Secretary, to offer the opportunity to earn entitlement to basic educational assistance under subchapter II of chapter 30 to an individual (other than a commissioned graduate of one of the service academies or an individual who has completed a program of education under section 2107 of title 10, United States Code, relating to the financial assistance program for selected Senior Reserve Officer Training Corps members) who for at least 90 days has been discharged or released from active duty and reenters on active duty during the period from the date of enactment of the Committee bill through June 30, 1988; would require that, to be effective, the offer be extended not later than the time that the individual reenters on active duty; and would prescribe the same service requirements for obtaining entitlement as are prescribed under current law (with the advanced beginning date provided for by the amendments proposed to be made by clauses (1) and (2) of section 2(a) of the bill (discussed above). Thus, to obtain entitlement, the individual would be required, after the date of enactment, either to serve at least 3 years of continuous active duty (or, in the case of one whose service obligation is less than 3 years, at least 2 continuous years). The individual could serve for a shorter period if discharged or released for a service-connected disability, for hardship, or for the convenience of the Government, in the case of an individual who completed at least 30 months of active duty (or, in the case of one whose obligation was for less than 3 years, at least 20 months of active duty). In addition, the individual would be

required, before completion of the required service, to receive a high school diploma (or equivalency certificate); would be required, upon completion of service, either to receive an honorable discharge, to be placed on the retired list or the temporary disability retired list, to be transferred to the Fleet Reserve or Fleet Marine Corps Reserve, to continue on active duty, or to be released from active duty that the service secretary concerned characterizes as honorable for further service in a reserve component, and could not have declined the offer of the opportunity to obtain entitlement.

Paragraph (2) of new subsection (d) of section 1411: Would require the Secretary of Defense (or Transportation) to include in the regulations prescribed under paragraph (1) (discussed above) provisions that establish procedures for declining an offer of the opportunity to obtain entitlement and that require, in the case of an individual who does not decline the offer, reducing the individual's basic pay by $100 for each of the first 12 months that the individual is entitled to basic pay upon reentering on active duty. The amounts withheld from basic pay would revert to the Treasury.

Subsection (b) of section 2 would amend present section 1412, relating to eligibility for educational assistance under chapter 30 of title 38 based on service on active duty and in the Selected Reserve.

Clauses (1) and (2) of subsection (b) of section 2 would amend subsection (a)(1)(A) of section 1412 to advance from July 1, 1985, to the date of enactment of the Committee bill, the beginning date of the programs of educational assistance established by chapter 30 of title 38. Thus, in order to begin earning entitlement to assistance under that chapter, an individual could first become a member of the Armed Forces or first enter on active duty during the period beginning on the date of enactment and ending June 30, 1985, in addition to the period provided for in current law, July 1, 1985, through June 30, 1988.

Clause (3) of subsection (b) of section 2 would add to present section 1412 a new subsection (e) as follows:

New subsection (e) of section 1412: Would authorize the Secretary of Defense (or Transportation) to offer certain former active-duty personnel the opportunity to begin earning entitlement to chapter 30 benefits upon reentering on active duty, and would provide for entitlement based on meeting certain active-duty and reserve service requirements.

Paragraph (1) of new subsection (e) of section 1412: Would authorize the Secretary, to offer the opportunity to earn entitlement to basic educational assistance under subchapter II of chapter 30 to an individual (other than a commissioned graduate of one of the service academies or an individual who has completed a program of education under section 2107 of title 10, United States Code, relating to the financial assistance program for selected Senior Reserve Officer Training Corps members) who for at least 90 days has been discharged or released from active duty and reenters on active duty during the period from the date of enactment of the Committee bill through June 30, 1988; would require that, to be effective, the offer be extended not later than the time that the individual reenters on active duty; and would prescribe the same service requirements for obtaining entitlement as are prescribed under current law (with

the advanced beginning date provided for by the amendments proposed to be made by clauses (1) and (2) of section 2(a) of the bill (discussed above). Thus, to obtain entitlement, the individual would be required, after the date of enactment, to serve at least 2 years of continuous active duty characterized by the Secretary concerned as honorable service and thereafter to serve at least 4 years of continuous duty—subject to the provisions of subsection (b) of present section 1412 making certain exceptions to this requirement for those discharged or released for a service-connected disability, for hardship, or for the convenience of the Government and specifying certain characteristics of continuous service—in the Selected Reserve. In addition, the individual would be required, before completion of the service requirement, to receive a high school diploma (or equivalency certificate); would be required, upon completion of the service requirement, either to receive an honorable discharge, to be placed on the retired list, to be transferred to the Standby Reserve or an element of the Ready Reserve (other than the Selected Reserve) after service in the Selected Reserve characterized by the Secretary concerned as honorable, or to continue on active duty or in the Selected Reserve; and could not have declined the offer of the opportunity to obtain entitlement.

Paragraph (2) of new subsection (e) of section 1412: Would require the Secretary of Defense (or Transportation) to include in the regulations prescribed under paragraph (1) (discussed above) provisions that establish procedures for declining an offer of the opportunity to obtain entitlement and that require, in the case of an individual who does not decline the offer, reducing the individual's basic pay by $100 for each of the first 12 months that the individual is entitled to basic pay upon reentering on active duty. The amounts withheld from basic pay would revert to the Treasury.

Clause (1) of subsection (c) of section 2 would amend present section 1411(c)(1), relating to an election not to receive educational assistance under chapter 30 of title 38, to substitute the word "first" for "initially." This change would conform the language of section 1411(c)(1) to section 1411(a)(1)(A).

Subclause (A) of clause (2) of subsection (c) of section 2 would amend present section 1412(a), relating to eligibility for educational assistance under chapter 30 based on service on active duty and in the Selected Reserve, to correct an erroneous cross-reference to another subsection of section 1412.

Subclauses (B) and (C) of clause (2) of subsection (c) of section 2 would amend present section 1412(b), relating to certain exceptions to and clarifications of the service requirements specified in section 1412(a), to make conforming changes making those exceptions and clarifications applicable to individuals who become entitled to chapter 30 benefits as a result of the Secretary of Defense's (or Secretary of Transportation's) exercise of the authority to extend to individuals reentering on active duty eligibility to earn entitlement to such benefits, as provided for in the amendments proposed in subsections (a)(3) and (b)(3) of section 2 of the Committee bill (discussed above).

Subclause (D) of clause (2) of subsection (c) of section 2 would amend present section 1412(d)(1), relating to an election not to receive educational assistance, to substitute the word "first" for "ini-

tially". This change would conform the language of section 1412(d)(1) to section 1412(a)(1)(A).

Subclause (A) of clause (3) of subsection (c) of section 2 would amend present section 1413(a)(2)—relating to the number of months of educational assistance under chapter 30 that an individual is entitled to when the individual is discharged or released from active duty due to a service-connected disability or to hardship before completing the minimum period required to establish entitlement—(1) to make the provisions of section 1413(a)(2) applicable to those who become eligible to earn entitlement to chapter 30 benefits as a result of the Secretary of Defense's (or Secretary of Transportation's) exercise of the authority to extend to individuals reentering on active duty eligibility to earn entitlement to such benefits, as provided for in the amendment proposed to be made by subsection (a)(3) of this section of the Committee bill (discussed above), and (2) to clarify that the only months that would be counted for purposes of calculating the number of months of educational assistance to which the individual is entitled are months served on active duty that count toward satisfying the active-duty service requirements in section 1411.

Subclause (B) of clause (3) of subsection (c) of section 2 would amend present section 1413(b), relating to the number of months of basic educational assistance an individual is entitled to receive (pursuant to section 1412 of title 38) for service consisting of 2 years of active duty followed by service in the Selected Reserve, to clarify that the only months that would be counted for purposes of calculating the number of months of educational assistance to which the individual is entitled are months that count toward satisfying the service requirements in section 1412.

Clause (4) of subsection (c) of section 2 would amend present section 1415(b), relating to the monthly rate of basic educational assistance under section 1411 payable to an individual whose initial obligated period of active duty was 2 years, to make conforming changes making this provision applicable to those who earn entitlement to such assistance by reason of the Secretary of Defense's (or Secretary of Transportation's) exercise of the authority to extend eligibility to those reentering on active duty, as provided for in the amendment proposed in subsection (a)(3) of section 2 of the Committee bill (discussed above). The sentence describing the qualifying period of active duty was rewritten to delete the word "initial" since the Committee bill would allow an individual who reenters on active duty to qualify for benefits.

Clause (5) of subsection (c) of section 2 would amend present section 1416, relating to the in-service use of educational assistance under chapter 30 by those who have completed at least 2 years of active duty after June 30, 1985, are continuing to serve on active duty or in the Selected Reserves, and thus do not meet all of the service requirements set forth in section 1411(a)(1) or 1412(a)(1) to make conforming changes. Thus, section 1416 would be revised to make in-service use available—on a basis comparable to that on which in-service use in available under current law—to those who become eligible for chapter 30 benefits either by reason of the advancing of the beginning date for the programs of educational assistance under chapter 30, as provided for in the amendments pro-

posed in subsections (a)(1) and (2) and (b)(1) and (2) of section 2 of the Committee bill (discussed above), or by reason of the Secretary of Defense's (or Secretary of Transportation's) exercise of the authority to extend eligibility to those reentering on active duty, as provided for in the amendments proposed in subsections (a)(3) and (b)(3) of section 2.

Clause (6) of subsection (c) of section 2 would amend present section 1421, relating to supplemental educational assistance under chapter 30 for additional military service, to make conforming changes. Thus, the Committee bill would expand the categories of persons to whom supplemental educational assistance may be offered, in return for a commitment to additional service on active duty or in the Selected Reserve, to include those who become eligible for benefits under chapter 30 upon reentering on active duty following a break in service.

Clause (7) of subsection (c) of section 2 would amend present section 1431(b), relating to extension of the 10-year delimiting period for use of eligibility for basic educational assistance benefits under chapter 30 by an individual who was unable to use such benefits because he or she did not meet the nature of discharge requirements prior to the Administrator determining that the individual's discharge or release met the requirements of section 1411(a)(3) or 1412(a)(3), to make a conforming change. Thus, the Committee bill would expand the scope of the extension provision to include those who, under new subsection (d) of section 1411 or new subsection (e) of section 1412, as proposed to be added by subsection (a)(3) or (b)(3), respectively, of section 2 of the bill (discussed above), become eligible for benefits under chapter 30 upon reentering on active duty following a break in service.

Clause (8) of subsection (c) of section 2 would amend present section 704 of the Veterans' Educational Assistance Act of 1984, which bars persons serving on active duty from initially enrolling in the educational assistance program provided for in chapter 32 of title 38 (commonly referred to as the "Veterans' Educational Assistance Program" or "VEAP") during the period July 1, 1985, through June 30, 1988, which is the period during which initial entry on active duty qualifies the individual to begin earning entitlement to chapter 30 benefits. The Committee bill would postpone the beginning date for the period of the bar from July 1, 1985, to January 1, 1986. However, under the proposed amendment, individuals who enter active duty or become members of the Armed Forces on or after the date of enactment of the Committee bill—with the exception of individuals reentering on active duty after a less-than-90-day break in service—would not be permitted to enroll in VEAP during the period from the date of enactment through December 31, 1985, in addition to not being permitted to enroll during the period January 1, 1986, through June 30, 1988.

Section 3

Subsection (a) of section (3) would amend present sections 2132 and 2138 of title 10, United States Code, relating to the program of educational assistance under chapter 106 of title 10 for certain members of the Selected Reserve, as revised by section 705(a) of the Veterans' Educational Assistance Act of 1984 (Public Law 98-525),

to advance—from July 1, 1985, to the date of enactment of the Committee bill—(1) the beginning date of the period during which the incurring of a Selected Reserve service obligation described in section 2132 may give rise to entitlement to educational assistance under revised chapter 106, and (2) the deadline for entering into educational assistance agreements under chapter 106 as in effect prior its being revised.

Subsection (b) of section 3 would amend subsection (b) of present section 705 of the Veterans' Educational Assistance Act of 1984, relating to the effective date of the revision of chapter 106 of title 10 made by subsection (a) of section 705, to advance, from July 1, 1985, to the date of enactment the Committee bill, the effective date of the revision.

Subsection (c) of section 3 would amend present section 2131(c)(2) of title 10, establishing 36 months as the maximum number of months of educational assistance under chapter 106 of title 10, to provide additional months of assistance when education is pursued at a part-time rate. The additional months would be in proportion to the reduction in training time. Thus, a student pursuing an educational program at a half-time rate would receive benefits for 72 months.

Record of Votes Cast in Committee

Pursuant to paragraph 7 of rule XXVI of the Standing Rules of the Senate, announcement is made that the members of the Committee on Veterans' Affairs, at an April 18, 1985 meeting to consider H.R. 752, unanimously by voice vote, agreed to report H.R. 752, with an amendment in the nature of a substitute, favorably to the Senate.

Agency Reports

The Committee obtained no agency reports on H.R. 752.

Changes in Existing Law Made by H.R. 752 as Reported

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be ommitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 10—ARMED FORCES

* * * * * * *

CHAPTER 106—EDUCATIONAL ASSISTANCE FOR MEMBERS OF THE SELECTED RESERVE

Sec.

* * * * * * *

§ 2131. Educational assistance program: establishment; amount

(a) * * *

* * * * * * *

(c)(1) Educational assistance may only be provided under this chapter for pursuit of a program of education at an institution of higher learning and may not be provided to a person after the person has completed a course of instruction required for the award of a baccalaureate degree or the equivalent evidence of completion study.

(2) Subject to section 1795 of title 38, the maximum number of months of educational assistance that may be provided to any person under this chapter is 36 *(or the equivalent thereof in part-time educational assistance).*

§ 2132. Eligibility for educational assistance

(a) A person who—

(1) during the period beginning on [July 1, 1985,] *the date of the enactment of the New GI Bill Amendments of 1985* and ending on June 30, 1988—

(A) enlists, reenlists, or extends an enlistment as a Reserve for service in the Selected Reserve for a period of not less than six years; or

* * * * * * *

§ 2138. Savings provision

A member who entered into an agreement under this chapter before [July 1, 1985,] *the date of the enactment of the New GI Bill Amendments of 1985* shall continue to be eligible for educational assistance in accordance with the terms fo such agreement and of this chapter as in effect before such date.

* * * * * * *

VETERANS' EDUCATION ASSISTANCE ACT OF 1984

* * * * * * *

SUSPENSON OF RIGHT TO ENROLL IN CHAPTER 32 PROGRAM

SEC. 704. *(a)* No individual on actvie duty in the Armed Forces may initially enroll in the educational assistance program provided for in chapter 32 of title 38, United States Code, during the period beginning on [July 1, 1985,] *January 1, 1986,* and ending on June 30, 1988.

(b)(1) Except as provided in paragraph (2) of this subsection, no individual who becomes a member of the Armed Forces or enters on active duty as a member of the Armed Forces on or after the date of the enactment of the New GI Bill Amendments of 1985 may enroll in the educational assistance program described in subsection (a) before July 1, 1988.

(2) Paragraph (1) of this subsection shall not apply to an individual who, after a break in service on active duty as a member of the Armed Forces not exceeding 89 days, reenters on active duty as a

member of the Armed Forces on or after the date of this enactment of the New GI Bill Amendments of 1985.

REVISION OF EDUCATION ASSISTANCE PROGRAM FOR THE SELECTED RESERVE

SEC. 705. (a)(1) Chapter 106 of title 10, United States Code, is amended to read as follows:

CHAPTER 106—EDUCATIONAL ASSISTANCE FOR MEMBERS OF THE SELECTED RESERVE

Sec.

* * * * * * *

(b) The amendments made by this section shall take effect on [July 1, 1985,] *the date of the enactment of the New GI Bill Amendments of 1985* and shall apply only to members of the Armed Forces who qualify for educational assistance under chapter 106 of title 10, United States Code, as amended by subsection (a), on or after such date.

* * * * * * *

TITLE 38—UNITED STATES CODE

* * * * * * *

PART III—READJUSTMENT AND RELATED BENEFITS

* * * * * * *

CHAPTER 30—ALL-VOLUNTEER FORCE EDUCATIONAL ASSISTANCE PROGRAM

* * * * * * *

Subchapter II—Basic Education Assistance

§ 1411. Basic educational assistance entitlement for service on active duty

(a) Except as provided in subsection (c) of this section each individual—

(1) who—

(A) during the period beginning on [July 1, 1985,] *the date of the enactment of the New GI Bill Amendments of 1985* and ending on June 30, 1988, first becomes a member of the Armed Forces or first enters on active duty as a member of the Armed Forces and—

(i) who *after such date of enactment* (I) serves at least three years of continuous active duty in the Armed Forces, or (II) in the case of an individual whose initial period of active duty is less than three years, serves at least two years of continuous active duty in the Armed Forces; or

(ii) who *after such date of enactment* serves in the Armed Forces and is discharged or released from active duty (I) for a service-connected disability or for hardship, or (II) for the convenience of the Government, in the case of an individual who completed not less than 20 months of active duty, if the initial obligated period of active duty of the individual was less than three years, or in the case of an individual who completed not less than 30 months of active duty if the initial obligated period of active duty of the individual was at least three years; or

* * * * * * *

(c)(1) An individual described in subsection (a)(1)(A) of this section may make an election not to receive educational assistance under this chapter. Any such election shall be made at the time the individual [initially] *first* enters on active duty as a member of the Armed Forces. Any individual who makes such an election is not entitled to educational assistance under this chapter.

(2) An individual who after December 31, 1976, receives a commission as an officer in the Armed Forces upon graduation from the United Sates Military Academy, the United States Naval Academy, the United States Air Force Academy, or the Coast Guard Academy or upon completion of a program of educational assistance under section 2107 of title 10 is not eligible for educational assistance under this section.

(d)(1) Under regulations prescribed by the Secretary, except as provided in subsection (c)(2) of this section, each individual—

(A) who, not earlier than 90 days after the date of discharge or release from active duty as a member of the Armed Forces, reenters on active duty as a member of the Armed Forces during the period beginning on the date of the enactment of the New GI Bill Amendments of 1985 and ending on June 30, 1988, and—

(i) who after such date of enactment (I) serves at least 3 years of continuous active duty in the Armed Forces, or (II) in the case of an individual whose obligated period of active duty is less than 3 years, serves at least 2 years of continuous active duty in the Armed Forces; or

(ii) who after such date of enactment serves in the Armed Forces and is discharged or released from active duty (I) for a service-connected disability or for hardship, or (II) for the convenience of the Government, in the case of an individual who, upon reentry, completes not less than 20 months of an obligated period of active duty of less than 3 years, or in the case of an individual who, upon reentry, completes not less than 30 months of an obligated period of active duty of at least 3 years;

(B) who, not later than the time the individual so reenters on active duty, is extended and does not decline an offer made by the Secretary to such individual of the opportunity to obtain entitlement to basic educational assistance under this chapter;

(C) who, before completion of the service described in clause (A) of this paragraph, has received a secondary school diploma (or an equivalency certificate); and

(D) who, after completion of the service described in clause (A) of this paragraph—

(i) is discharged from service with an honorable discharge, is placed on the retired list, is transferred to the Fleet Reserve or Fleet Marine Corps Reserve, or is placed on the temporary disability retired list;

(ii) continues on active duty; or

(iii) is released from active duty for turther service in a reserve component of the Armed Forces after service on active duty characterized by the Secretary concerned as honorable service,

is entitled to basic educational assistance under this chapter.

(2) The Secretary shall include in the regulations prescribed under paragraph (1) of this subsection provisions establishing procedures under which an individual may decline an offer extended under such regulations and requiring that the basic pay of an individual who does not decline such an offer be reduced by $100 for each of the first 12 months that such individual is entitled to such pay upon reentering on active duty in the Armed Force. Amounts withheld from basic pay under this paragrapy shall revert to the Treasury.

§ 1412. Basic educational assistance entitlement for service in the Selected Reserve

(a) Except as provided in subsection [(c)] *(d)* of this section, each individual—

(1) who—

(A) during the period beginning on [July 1, 1985,] *the date of the enactment of the New GI Bill Amendments of 1985* and ending on June 30, 1988, first becomes a member of the Armed Forces or first enters on active duty as a member of the Armed Forces and—

(i) serves, *after such date of enactment,* at least two years of continuous active duty in the Armed Forces characterized by the Secretary concerned as honorable service; and

(ii) subject to subsection (b) of this section and after completion of the service on active duty described in subclause (i) of this clause, serves at least four years of continuous duty in the Selected Reserve during which the individual participates satisfactorily in training as required by the Secretary concerned; or

* * * * * * *

(b)(1) The requirement of four years of service under *the provisions of* clauses (1)(A)(ii) and (1)(B)(ii) of subsection (a) of this section *and paragraph (1)(A)(ii) of subsection (e) of this section* is not applicable to an individual who is discharged or released from service in the Selected Reserve for a service-connected disability, for hardship, or (in the case of an individual discharged or released after

three and one-half years of service) for the convenience of the Government.

(2) Continuity of service of a member in the Selected Reserve for purposes of [such clauses] *the provisions referred to in paragraph (1) of this subsection* shall not be considered to be broken—

(A) by any period of time (not to exceed a maximum period prescribed by the Secretary concerned by regulation) during which the member is not able to locate a unit of the Selected Reserve of the member's Armed Force that the member is eligible to join or that has a vacancy; or

* * * * * * *

(d)(1) An individual described in subsection (a)(1)(A) of this section may make an election not to receive educational assistance under this chapter. Any such election shall be made at the time the individual [initially] *first* enters on active duty as a member of the Armed Forces. Any individual who makes such an election is not entitled to educational assistance under this chapter.

(2) An individual who after December 31, 1976, receives a commission as an officer in the Armed Forces upon graduation from the United States Military Academy, the United States Naval Academy, the United States Air Force Academy, or the Coast Guard Academy or upon completion of a program of educational assistance under section 2107 of title 10 is not eligible for educational assistance under this section.

(e)(1) Under regulations prescribed by the Secretary, except as provided in subsection (d)(2) of this section, each individual—

(A) who, not earlier than 90 days after the date of discharge or release from active duty as a member of the Armed Forces, reenters on active duty as a member of the Armed Forces during the period beginning on the date of the emactment of the New GI Bill Amendments of 1985 and ending on June 30, 1988, and—

(i) serves, after such date of enactment, at least 2 years of continuous active duty in the Armed Forces characterized by the Secretary concerned as honorable service; and

(ii) subject to subsection (b) of this section and after completion of the service on active duty described in subclause (i) of this clause, serves at least 4 years of continuous duty in the Selected Reserve during which the individual participates satisfactorily in training as required by the Secretary concerned;

(B) who, not later than the time in the individual so reenters on active duty, is extended and does not decline an offer made by the Secretary to such individual of the opportunity to obtain entitlement to basic educational assistance under this chapter;

(C) who, before completion of the service described in clause (A) of this paragraph, has received a secondary school diploma (or an equivalency certificate); and

(D) who, after completion of the service described in clause (A) of this paragraph—

(i) is discharged from service with an honorable discharge, is placed on the retired list, or is transferred to the Standby Reserve or an element of the Ready Reserve other

than the Selected Reserve after service in the Selected Reserve characterized by the Secretary concerned as honorable service; or

(ii) continues on active duty or in the Selected Reserve,

is entitled to basic educational assistance under this chapter.

(2) The Secretary shall include in the regulations prescribed under paragraph (1) of this subsection provisions establishing procedures under which an individual may decline an offer extended under such regulations and requiring that the basic pay of an individual who does not decline such an offer be reduced by $100 for each of the first twelve months that such individual is entitled to such pay upon reentering on active duty in the Armed Forces. Amounts withheld from basic pay under this paragraph shall revert to the Treasury

§ 1413. Duration of basic educational assistance

(a)(1) Subject to section 1795 of this title and except as provided in paragraph (2) of this subsection, each individual entitled to basic educational assistance under section 1411 of this title is entitled to 36 months of educational assistance benefits under this chapter (or the equivalent thereof in part-time educational assistance).

(2) In the case of an individual described in section 1411(a)(1)(A)(ii)(I) of this title who is not also described in section 1411(a)(1)(A)(i) of this [title or] *title,* an individual described in section 1411(a)(1)(B)(ii)(I) of this title who is not also described in section 1411(a)(1)(B)(i) of this title, *or an individual described in section 1411(d)(1)(A)(ii)(I) of this title who is not also described in section 1411(d)(1)(A)(i) of this title,* the individual is entitled to one month of educational assistance benefits under this chapter for each month of active duty served by such individual *after the date of the beginning of the period for which the individual's basic pay is required to be reduced under section 1411(b) of this title (in the case of an indivudual described in section 1411(a)(1)(A)(ii)(I) of this title) or under section 1411(d)(2) of this title (in the case of an individual described in section 1411(d)(1)(A)(ii)(I) of this title, or after June 30, 1985 (in the case of an individual described in section 1411(a)(1)(B)(ii)(I) of this title.*

(b) Subject to section 1795 of this title and subsection (c) of this section, each individual entitled to basic educational assistance under section 1412 of this title is entitled to (1) one month of educational assistance benefits under this chapter for each month of active duty served by such individual *after the date of the beginning of the period for which such individual's basic pay is required to be reduced under section 1412(c) of this title (in the case of an individual described in section 1412(a)(1)(A) of this title) or under section 1412(e)(2) of this title (in the case of an individual described in section 1412(e)(1)(A) of this title, or after June 30, 1985 (in the case of an individual described in section 1412(a)(1)(B) of this title,* and (2) one month of educational assistance benefits under this chapter for each four months served by such individual in the Selected Reserve (other than any month in which the individual served on active duty) *after such date.*

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§ 1415. Amount of basic educational assistance

(a) * * *

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(b) In the case of an individual entitled to an educational assistance allowance under section 1411 of this title [and whose initial obligated period of active duty is two years] *solely by reason of service pursuant to an obligation to serve a two-year period of active duty,* a basic educational assistance allowance under this chapter shall be paid—

(1) at the monthly rate of $250 for an approved program of education pursued on a full-time basis; or

(2) at an appropriately reduced rate, as determined under regulations which the Administrator shall prescribe, for an approved program of education pursued on less than a full-time basis.

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§ 1416. In service enrollment in a program of education

(a) A member of the Armed Forces [who] *who*—[has completed at least two years of service on active duty after June 30, 1985, has continued on active duty or in the Selected Reserve without a break in service (except as described in section 1412(b)(2) of this title), and who]

(1) becomes a member or enters or reenters on active duty as a member of the Armed Forces after the date of the enactment of the New GI Bill Amendments of 1985;

(2) completes at least 2 years of service on active duty after the date of the beginning of the period for which such member's basic pay is required to be reduced under section 1411(b), 1411(d)(2), 1412(c), or 1412(e)(2) of this title;

(3) after such service, continues on active duty or in the Selected Reserve without a break in service (except as described in section 1412(b)(2) of this title; and

(4) but for section 1411(a)(1)(A)(i)(I), 1411(d)(1)(A)(i)(I), 1412(a)(1)(A)(ii), or 1412(e)(1)(A)(ii) of this title would be eligible for basic educational assistance,

may receive educational assistance under this chapter for enrollment in an approved program of education while continuing to perform the duty described in section 1411(a)(1)(A)(i)(I), 1411 (d)(1)(A)(i)(I), 1412(a)(1)(A)(ii), or 1412(e)(1)(A)(ii) of this title.

(b) A member of the Armed Forces who—

(1) as of December 31, 1989, is eligible for educational assistance benefits under chapter 34 of this title;

(2) during the period beginning January 1, 1976, and ending June 30, 1985, has continued to serve on active duty without a break in service;

(3) after June 30, 1985, has continued on active duty or in the Selected Reserve without a break in service (except as described in section 1412(b)(2) of this title); and

(4) but for section [1411(a)(1) or 1412(a)(1)] *1412(a)(1)(B)(ii)* of this title would be eligible for basic educational assistance,

may receive educational assistance under this chapter for enrollment in an approved program of education while continuing to perform the duty described in section [1411(a)(1) or 1412(a)(1)] *1412(a)(1)(B)(ii)* of this title.

Subchapter III—Supplemental Educational Assistance

§ 1421. Supplemental educational assistance for additional service

(a) The Secretary concerned, pursuant to regulations to be prescribed by the Secretary, may provide for the payment of supplemental educational assistance under this subchapter to any individual eligible for basic educational assistance under section 1411 of this title who—

(1) serves five or more consecutive years of active duty in the Armed Forces in addition to the years of active duty counted under section 1411(a)(1) *or 1411(d)(1)(A)* of this title without a break in such service; and

(2) after completion of the service described in clause (1) of this subsection—

(A) is discharged from service with an honorable discharge, is placed on the retired list, is transferred to the Fleet Reserve or Fleet Marine Corps Reserve, or is placed on the temporary disability retired list;

(B) continues on active duty without a break in service; or

(C) is released from active duty for further service in a reserve component of the Armed Forces after service on active duty characterized by the Secretary concerned as honorable service.

(b) The Secretary concerned, pursuant to regulations to be prescribed by the Secretary, may provide for the payment of supplemental educational assistance under this subchapter to any individual eligible for basis educational assistance under section 1412 of this title who—

(1) serves two or more consecutive years of active duty in the Armed Forces in addition to the years of active duty counted under section 1412(a)(1) *or 1412(e)(1)(A)* of this title and four or more consecutive years of duty in the Selected Reserve in addition to the years of duty in the Selected Reserve counted under such section *1412(a)(1) or 1412(e)(1)(A)* without a break in service; and

(2) after completion of the service described in clause (1) of this subsection—

(A) is discharged from service with an honorable discharge, is placed on the retired list, is transferred to the Fleet Reserve or Fleet Marine Corps Reserve, or is placed on the temporary disability retired list; or

(B) continues on active duty or in the Selected Reserve.

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Subchapter IV—Time Limitation for Use of Eligibility and Entitlement; General and Administrative Provisions

§ 1431. Time limitation for use of eligibility and entitlement

(a) * * *

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(b) In the case of any eligible individual who has been prevented, as determined by the Administrator, from pursuing a program of education under subchapter II or III of this chapter within the 10-year period prescribed by subsection (a) of this section because such individual had not met the nature of discharge requirement of such subchapter before (1) the nature of such individual's discharge or release was changed by appropriate authority, or (2) with respect to educational assistance under subchapter II of this chapter, the Administrator determined, under regulations prescribed by the Administrator, that such discharge or release was under conditions described in section [1411(a)(3) or 1412(a)(3)] *1411(a)(3), 1411(d)(1)(D), 1412(a)(3), or 1412(e)(1)(D)* of this title, such 10-year period shall not run during the period of time that such individual was so prevented from pursuing such program of education.

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